

Message Text

LIMITED OFFICIAL USE

PAGE 01 MTN GE 05371 01 OF 03 081035Z

12

ACTION STR-04

INFO OCT-01 ARA-06 NEA-10 IO-13 ISO-00 STRE-00 FEA-01

AF-08 EA-07 EUR-12 OIC-02 CIAE-00 DODE-00 NSAE-00

NSCE-00 SSO-00 USIE-00 INRE-00 AGR-05 CEA-01 COME-00

EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSC-05

PA-01 AID-05 CIEP-01 SS-15 ITC-01 TRSE-00 PRS-01

SP-02 OMB-01 /133 W

----- 053517

O R 080945Z JUL 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC IMMEDIATE 1721

INFO ALL OECD CAPITALS 042

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CAIRO

AMEMBASSY NEW DELHI

AMEMBASSY MEXICO

LIMITED OFFICIAL USE SECTION 1 OF 3 MTN GENEVA 5371

ACTION STR; PASS ELECTRICALLY

H PASS CODEL

E.O. 11652: N/A

TAGS: MTN, ETRD, GATT

SUBJECT: TARIFFS GROUP MEETING JULY 7, 1976 - TEXT OF STATEMENT

MADE BY AMBASSADOR WALKER

QUOTED BELOW IS THE ENTIRE TEXT OF AMB. WALKER'S STATEMENT
ON THE EC TARIFF FORMULA PROPOSAL, MADE AT THE SUBJECT MEETING.

QUOTE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MTN GE 05371 01 OF 03 081035Z

MR. CHAIRMAN, I SHOULD LIKE TO RECALL, AT THE OUTSET, THE LOFTY GOALS WHICH OUR MINISTERS SET FOR THESE NEGOTIATIONS IN TOKYO IN 1973. AMONG OTHER THINGS, THE MINISTERS DECLARED THAT THE NEGOTIATIONS SHALL AIM "TO ACHIEVE THE EXPANSION AND EVER GREATER LIBERALIZATION OF WORLD TRADE AND IMPROVEMENT IN THE STANDARD OF LIVING AND WELFARE OF THE PEOPLE OF THE WORLD THROUGH THE PROGRESSIVE DISMANTLING OF OBSTACLES TO TRADE AND THE IMPROVEMENT OF INTERNATIONAL FRAMEWORK FOR THE CONDUCT OF WORLD TRADE." IN ADDITION, IT SET AS A GOAL THE OBJECTIVE OF SECURING "ADDITIONAL BENEFITS FOR THE INTERNATIONAL TRADE OF DEVELOPING COUNTRIES..." THE DECLARATION CONTINUES: "TO THIS END, THE NEGOTIATIONS SHOULD AIM, INTER ALIA, TO CONDUCT NEGOTIATIONS ON TARIFFS BY EMPLOYMENT OF APPROPRIATE FORMULAE OF AS GENERAL APPLICATION AS POSSIBLE."

THESE BOLD OBJECTIVES HAVE BEEN REPEATEDLY REAFFIRMED IN INTERNATIONAL FORA AND AT THE HIGHEST LEVELS OF OUR GOVERNMENTS. MOREOVER, WE OURSELVES REDEDICATED OURSELVES TO THIS EFFORT AT THE LAST MEETING OF THE TRADE NEGOTIATIONS COMMITTEE IN DECEMBER 1975 WHERE THE CONCLUSIONS SET FORTH BY THE CHAIRMAN

RECORDED THAT "IT WAS CLEARLY THE CONSENSUS THAT COUNTRIES MUST DEMONSTRATE THE POLITICAL WILL TO MOVE FORWARD TOWARD ACHIEVEMENT OF THE GOALS IN THE TOKYO DECLARATION..." AND THAT IT WAS REASONABLE TO EXPECT "SOLID AND SUBSTANTIAL NEGOTIATING PROGRESS IN 1976" AMONG OTHER THINGS TOWARD "AGREEMENT ON THE MAJOR ELEMENTS OF A TARIFF NEGOTIATING PLAN."

MR. CHAIRMAN, MY DELEGATION FEELS STRONGLY THAT WE MUST NOT LOWER OUR SIGHTS AND THAT WE MUST PRESS ON, AMBITIOUSLY, TO SEEK THE SUBSTANTIAL LEVELS OF TRADE LIBERALIZATION WHICH WE HAVE SET AS OUR OWN GOAL AND WHICH THE WORLD HAS COME TO EXPECT. FOR OUR PART, MY DELEGATION HAS SOUGHT TO CONTRIBUTE POSITIVELY TO THIS EFFORT, HAVING TABLED A FAR-REACHING TARIFF-CUTTING PROPOSAL AT OUR LAST MEETING. MOREOVER, WE SENSED AT THAT MEETING, AND OTHERS ALSO COMMENTED UPON IT AT THE TIME, THAT REAL PROGRESS WAS BEING MADE. THIS WAS REFLECTED IN THE CHAIRMAN'S SUMMING-UP WHICH DESCRIBED AN EMERGING CONSENSUS ON FOUR IMPORTANT POINTS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MTN GE 05371 01 OF 03 081035Z

MR. CHAIRMAN, WE WELCOME THE FACT THAT THE EUROPEAN COMMUNITY HAS NOW PUT FORWARD A CONCRETE PROPOSAL OF ITS OWN. THIS REPRESENTS A POSITIVE CONTRIBUTION TO THE NEGOTIATIONS AND WE THEREFORE WELCOME THEIR ACTION. HOWEVER, WHETHER OR NOT THIS PROPOSAL CONTRIBUTES TO THE PROGRESS WE SENSED WAS ARISING FROM THE LAST MEETING IS LESS CLEAR. FOR MY DELEGATION, THE SUBSTANCE OF THE EC DELEGATION'S PROPOSAL MUST BE MEASURED AGAINST THE EMERGING CONSENSUS ON THE POINTS DESCRIBED IN THE

CHAIRMAN'S SUMMING-UP.

THE FIRST OF THOSE POINTS WAS THAT "THE TARIFF NEGOTIATING PLAN SHOULD CONTAIN AN IMPORTANT ELEMENT OF HARMONIZATION AND SHOULD AIM AT A SIGNIFICANT REDUCTION OF DUTIES." DEALING FIRST WITH THE QUESTION OF DEPTH OF CUT, I MUST STATE, QUITE CANDIDLY, THAT WE ARE DISAPPOINTED AT THE MODEST TARIFF-CUTTING GOAL WHICH THE COMMUNITY HAS SET FOR THIS NEGOTIATION.

WHEN I PRESENTED MY DELEGATION'S PROPOSALS AT THE LAST MEETING, I SUGGESTED THAT THE FORMULA SHOULD BE MORE AMBITIOUS THAN THAT SET FORTH IN THE KENNEDY ROUND. I AM SORRY TO NOTE

THAT THE EC PROPOSAL FALLS FAR SHORT OF THAT GOAL. THE KENNEDY ROUND AIMED AT AN ACROSS-THE-BOARD REDUCTION OF 50 PERCENT. THE FINAL REDUCTION ON PRODUCTS COVERED BY THE FORMULA, TAKING EXCEPTIONS INTO ACCOUNT, AVERAGED BETWEEN 36 AND 39 PERCENT FOR THE MAJOR PARTICIPANTS. THE TARIFF-CUTTING FORMULA PROPOSED BY MY DELEGATION AIMS AT AN OVERALL DEPTH OF CUT OF APPROXIMATELY 59 PERCENT, WHICH IS, OF COURSE, GREATER THAN THE GOAL SET FOR THE KENNEDY ROUND. ON THE OTHER HAND, THE COMMUNITY, BY ITS OWN CALCULATION, PROPOSES A FORMULA TODAY HAVING A DEPTH OF CUT FOR ITSELF OF ONLY 32 PERCENT. MR. CHAIRMAN, THAT GOAL IS NOT ONLY FAR SHORT OF THE 50 PERCENT HYPOTHESES ASPIRED TO IN THE KENNEDY ROUND, IT IS EVEN WELL BELOW THAT LEVEL WHICH THE KENNEDY ROUND FINALLY ACHIEVED AFTER ALL THE EXCEPTIONS WERE TAKEN INTO ACCOUNT. MOREOVER, THE EC PRESUMABLY ENVISIONS MAKING EXCEPTIONS TO ITS FORMULA, SO THAT EVEN THIS MEAGER GOAL WOULD BE FURTHER ERODED. MR. CHAIRMAN, I MUST SUBMIT THAT, TO MY DELEGATION, THE EC PROPOSAL IS SO PUNY AS TO FALL SHORT OF THE STANDARD WHICH THE CHAIRMAN CITED AS AN EMERGING CONSENSUS AT THE LAST MEETING OF THIS GROUP -- THAT IS TO SAY, THAT THE TARIFF NEGOTIATING PLAN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 MTN GE 05371 01 OF 03 081035Z

SHOULD AIM AT A SIGNIFICANT REDUCTION OF DUTIES. AN AVERAGE CUT IN DUTIES OF 30 PERCENT OR LESS WOULD STRIKE MOST OBSERVERS AS HARDLY WORTH THE EFFORT.

THE SAME PARAGRAPH OF THE CHAIRMAN'S SUMMING-UP AFTER OUR LAST MEETING ALSO NOTES THE EMERGING CONSENSUS THAT "A TARIFF NEGOTIATING PLAN SHOULD CONTAIN AN IMPORTANT ELEMENT OF HARMONIZATION" AND THE COMMUNITY HAS BEEN AT PAINS TO EMPHASIZE THE HARMONIZING ASPECTS OF ITS PROPOSAL. YET EVEN HERE, MR. CHAIRMAN, THE COMMUNITY PROPOSAL FALLS SHORT.

MY DELEGATION HAS EMPHASIZED IN PREVIOUS STATEMENTS THE IMPORTANCE WE ATTACH TO THE RANGE OF DUTY RATES AFFECTING THE GREAT BULK OF WORLD TRADE -- THAT IS, TO DUTY RATES BETWEEN 5 AND 15 PERCENT. IN THIS RANGE, THE U.S. FORMULA ACHIEVES

MORE HARMONIZATION THAN DOES THE EC FORMULA. IT DOES SO BY
NARROWING THE ABSOLUTE DIFFERENCE BETWEEN TARIFF RATES BY A
GREATER DEGREE. FURTHERMORE, IT DOES SO AT A LOWER OVERALL
LEVEL OF RESULTING TARIFFS THAN THAT ACHIEVED BY APPLICATION
OF THE EC FORMULA. FOR EXAMPLE, A 15 PERCENT TARIFF IS
REDUCED TO 6 PERCENT BY THE U.S. FORMULA BUT ONLY TO 9 PERCENT
BY THE EC FORMULA.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 MTN GE 05371 02 OF 03 081102Z

12

ACTION STR-04

INFO OCT-01 STRE-00 ISO-00 FEA-01 IO-13 CIAE-00 DODE-00

NSAE-00 NSCE-00 SSO-00 USIE-00 INRE-00 AF-08 ARA-06

EA-07 EUR-12 NEA-10 OIC-02 AGR-05 CEA-01 COME-00

EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSC-05

PA-01 AID-05 CIEP-01 SS-15 ITC-01 TRSE-00 PRS-01

SP-02 OMB-01 /133 W

----- 053800

O R 080945Z JUL 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC IMMEDIATE 1722

INFO ALL OECD CAPITALS 043

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CAIRO

AMEMBASSY NEE DELHI

AMEMBASSY MEXICO

LIMITED OFFICIAL USE SECTION 2 OF 3 MTN GENEVA 5371

ACTION STR; PASS ELECTRICALLY

H PASS CODEL

SIMILARLY, A 5 PERCENT TARIFF IS REDUCED TO 2 PERCENT
BY THE U.S. FORMULA BUT ONLY TO 4 PERCENT BY THE EC FORMULA.

THUS, IN BOTH CASES, THE ORIGINAL TARIFF SPREAD IS REDUCED BY MORE THROUGH THE U.S. FORMULA THAN THE EC FORMULA, OR, STATED AOTHER WAY, THERE IS MORE HARMONIZATION FROM APPLICATION OF THE U.S. FORMULA THAN FROM THE EC FORMULA IN THIS RANGE, BUT EVEN MORE IMPORTANT, THIS ADDITIONAL HARMONIZATION RESULTS IN LOWER RATES AND THUS GREATER LIBERALIZATION. LET ME REPEAT, AND BER VERY CLEAR LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MTN GE 05371 02 OF 03 081102Z

ABOUT THIS. AS APPLIED TO ANY PAIR OF RATES IN THE 5 TO 15 PERCENTAGE RANGE, THE U.S. FORMULA ACCOMPLISHES AS MUCH OR MORE HARMONIZATION AND GREATER TARIFF REDUCTIONS THAN THE EC FORMULA WHEN THE SAME ROUNDING RULES ARE APPLIED TO BOTH FORMULAS. THUS, WHERE IT MATTERS, THE HARMONIZATION PRETENTIONS OF THE COMMUNITY FORMULA DOE NOT MATCH THOSE OF THE U.S. PROPOSAL.

THE EC GOES ON TO ASSERT, HOWEVER, THAT ITS FORMULA PROVIDES MORE HARMONIZATION BECAUSE IT WOULD MAKE HIGHER CUTS IN TARIFFS IN THE UPPER RANGE. THERE ARE TWO POINTS ABOUT THIS CLAIM WHICH OUGHT TO BE UNDERSTOOD. FIRST, THERE ARE ONLY A VERY FEW TARIFF LINES ABOVE 30 PERCENT IN DEVELOPED COUNTRIES' TARIFF SCHEDULES. THE UNITED STATES HAS ONLY 5 PERCENT OF ITS RATES OVER THIS LEVEL, JAPAN 3 PERCENT, THE RUROPEAN COMMUNITY 1.4 PERCENT, AND CANADA 1 PERCENT. THUS, IF THE EMPHASIS OF THE COMMUNITY IS ADVANCING THIS HARMONIZATION FORMULA IS TO GET AT THE VERY HIGH RATES, IT IS ADDRESSING ONLY A VERY SMALL PORTION OF THE EXISTING TARIFF SCHEDULES AND WHILE THESE MAY NOT BE UNIMPORTANT, THEY SHOULD HARDLY BE THE PRINCIPLA FOCUS FOR THE GROUP'S AGREEMENT ON A TARIFF-CUTTING FORMULA. MOREOVER, IT SHOULD BE MADE PLAIN THAT THE EC HAS PRESENTED ITS FORMULA IN SUCH A WAY THAT IT WOULD ONLY CUT THE OVER-30 PERCENT TARIFFS MAINTAINED BY OTHER COUNTRIES AND WOULD NOT TOUCH THE OVER-30 PERCENT TARIFFS WHICH THE EC ITSELF MAINTAINS. THIS IS BECAUSE THE EC HAS STATED THAT APPLICATION OF ITS FORMULA IS LIMITED TO INDUSTRIAL PRODUCTS AND THE EC HAS NO TARIFFS OVER 30 PERCENT ON INDUSTRIAL PRODUCTS. THUS, THE EC IS OFFERING A FORMULA WHICH AT LEVELS ABOVE 25 PERCENT HAS A HARMONIZING EFFECT ONLY UPON OTHER PEOPLE'S TARIFF SCHEDULES, NOT UPON ITS OWN, THUS REFLECTING THE FACT THAT ALL EC RATES ABOVE THAT LEVEL ARE ON AGRICULTURAL PRODUCTS.

FOR THESE REASONS, MR. CHAIRMAN, WE FIND OURSELVES UNPERSUADED BY THE CLAIMS PUT FORWARD BY THE COMMUNITY IN SUPPORT OF THE HARMONIZATION EFFECTS OF ITS FORMULA AND WE MUST AGAIN QUESTION THE EXTENT TO WHICH THEIR PROPOSAL IS SUPERIOR WITH RESPECT TO THE GOAL THAT EMERGED AT THE LAST MEETING THAT "THE TARIFF NEGOTIATING PLAN SHOULD CONTAIN AN IMPORTANT ELEMENT OF HARMONIZATION." INDEED, TO THE EXTENT THE EC PROPOSAL EMBRACES HARMONIZATION, IT DOES SO AT THE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MTN GE 05371 02 OF 03 081102Z

EXPENSE OF DEPTH OF CUT, AND THEREBY SACRIFICES TARIFF LIBERALIZATION. THIS IS HARDLY CONSISTENT WITH WHAT WE HAVE TAKEN TO BE THE GOALS THAT HAVE BEEN SET FOR US. GRAPHS WILL BE ATTACHED TO THE TEXT OF MY STATEMENT DRAMATIZING THE ADVNATAGES OF THE U.S. PROPOSAL OVER THE EC PROPOSAL ON THIS POINT AND ON ESCALATION.

AT THE LAST MEETING, THE CHAIRMAN ALSO REPORTED THE EMERGING CONSENSUS THAT "THE FORMULA FINALLY ADOPTED MUST SERVE IMPORTANTLY TO REDUCE THE ESCALATION OF TARIFFS." ANALYSIS SHOWS THAT IN THIS REGARD AS WELL THE EC FORMULA FALLS SHORT. OUR REVIEW OF THE GATT TARIFF DATA SHOWS THAT NEARLY ALL ESCALATION IN RESOURCE-BASED INDUSTRIES EXISTS IN TARIFFS BELOW 20 PERCENT. THUS, IT IS IN THE TARIFF RANGES BELOW 20 PERCENT WHERE SIGNIFICANT REDUCTIONS CAN MINIMIZE THE EFFECT OF TARIFF ESCALATION. AT THE LAST MEETING OF THIS GROUP, MY DELEGATION DISTRIBUTED CHARTS INTENDED TO SHOW THE EXTENT TO WHICH THE SIGNIFICANT TARIFF REDUCTIONS CALLED FOR BY THE U.S. TARIFF-CUTTING PROPOSAL OPERATED TO REDUCE TARIFF ESCALATION. DELEGATIONS MAY WISH TO REVIEW THAT MATERIAL IN THE LIGHT OF TODAY'S DISCUSSION BECAUSE EVEN A QUICK GLANCE AT THE CHARTS WILL SHOW THAT AS APPLIED TO RATES UP TO ABOUT 30 PERCENT, THE U.S. PROPOSAL WILL MAKE DEEPER CUTS, AND ACHIEVE GREATER REDUCTION OF TARIFF ESCALATION IN MOST CASES. THUS, ON THIS SCORE AS WELL, WHEN MEASURED AGAINST THE EMERGING CONSENSUS DESCRIBED BY THE CHAIRMAN IN HIS SUMMING-UP OF THE LAST MEETING, WE FIND THE PROPOSAL OF THE EC DELEGATION LESS THAN ADEQUATE.

CONSEQUENTLY, WHILE WE GENUINELY WELCOME THE ACTION OF THE COMMUNITY IN ADVANCING A FIRM PROPOSAL, AND WHILE WE ARE HOPEFUL THAT THIS STEP WILL MOVE THE NEGOTIATIONS TO A NEW STAGE, OUR REACTION TO THE SUBSTANCE OF THE EC PROPOSAL IS ONE OF PROFOUND DISAPPOINTMENT.

AT THE SAME TIME, HOWEVER, WE ARE COMPELLED TO CONCLUDE THAT THE COMMUNITY, THOUGH FALLING SHORT OF THE ASPIRATIONS WE BELIEVE ARE COMMONLY SHARED BY DELEGATIONS, HAS CERTAINLY SURPASSED THE EFFORTS OF A NUMBER OF OUR DEVELOPED COUNTRY TRADING PARTNERS WHO HAVE NOT YET EVEN SUMMONED THE WILL TO ADVANCE A FIRM PROPOSAL. WE FIND THIS REGRETTABLE AND BELIEVE THAT AT THIS POINT IN THE NEGOTIATIONS WE AND THE CANADIANS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 MTN GE 05371 02 OF 03 081102Z

AND THE EUROPEAN COMMUNITY, ALL OF WHOM HAVE SET FORTH OUR

VIEWS, ARE ENTITLED TO AN EXPLANATION FROM THOSE NATIONS WHICH HAVE NOT YET DONE SO AND WHICH HAVE IN THE PAST, AND SHOULD HERE, BE CONSIDERED FORMULA COUNTRIES. ON THIS POINT WE CAN JOIN VERY STRONGLY WITH OUR CANADIAN AND EUROPEAN COLLEAGUES IN CONSERVING THAT WE HAVE SET FORTH OUR VIEWS ON A TARIFF-CUTTING HYPOTHESIS AND WE EXPECT YOU TO DO THE SAME.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 MTN GE 05371 03 OF 03 081118Z

11

ACTION STR-04

INFO OCT-01 ARA-06 NEA-10 IO-13 ISO-00 STRE-00 FEA-01

CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00 USIE-00 INRE-00

AF-08 EA-07 EUR-12 OIC-02 AGR-05 CEA-01 COME-00 EB-07

FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSC-05 PA-01

AID-05 CIEP-01 SS-15 ITC-01 TRSE-00 PRS-01 SP-02

OMB-01 /133 W

----- 053979

O R 080945Z JUL 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC IMMEDIATE 1723

INFO ALL OECD CAPITALS 044

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CAIRO

AMEMBASSY NEW DELHI

AMEMBASSY MEXICO

LIMITED OFFICIAL USE SECTION 3 OF 3 MTN GENEVA 5371

ACTION STR; PASS ELECTRICALLY

H PASS CODEL

MY DELEGATION INDICATED AT THE LAST MEETING, WHEN WE TABLED OUR PROPOSAL FOR A TARIFF-CUTTING HYPOTHESIS, THAT WE WERE PREPARED TO NEGOTIATE ITS TERMS IN THE BELIEF THAT

IMPORTANT BENEFITS MAY BE DERIVED BY THE INTERNATIONAL TRADING COMMUNITY FROM SUBSTANTIAL TARIFF LIBERALIZATION. LET ME REAFFIRM THAT DETERMINATION TODAY. IN THAT CONNECTION WE HAVE INDICATED OUR WILLINGNESS TO CONSIDER DEEPER THAN FORMULA CUTS AND, IN PARTICULAR, DUTY ELIMINATION ON TARIFF LINES WITH DUTIES OF 5 PERCENT OR LESS. FURTHERMORE, WE ARE PERSUADED LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MTN GE 05371 03 OF 03 081118Z

ON THE BASIS OF STUDIES AND ANALYSES CONDUCTED NOT ONLY BY MY DELEGATION BUT ALSO BY OUTSIDE EXPERTS AND OTHER INTERNATIONAL ORGANIZATIONS, THAT THE BENEFITS WHICH DEVELOPING COUNTRIES CAN DERIVE FROM MRN REDUCTIONS GREATLY OUTWEIGH ANY DISADVANTAGES OF ERODING GSP MARGINS. THESE GENERAL CONCLUSIONS, NOW WIDELY ACCEPTED, ARGUE THAT DEVELOPING COUNTRY TRADE WOULD CLEARLY BENEFIT FROM SUBSTANTIAL MFN REDUCTIONS AND WE ARE HOPEFUL THAT OTHER DEVELOPING NATIONS WILL IN THIS AND FUTURE MEETINGS RECOGNIZE THE IMPORTANCE OF OVERALL TRADE LIBERALIZATION TO ACHIEVEMENT OF THE OBJECTIVES OF DEVELOPING COUNTRIES IN THESE NEGOTIATIONS.

ONE FINAL OBSERVATION. SEVERAL DELEGATIONS HAVE COMMENTED UPON THE ELEMENTS OF RECIPROCITY IN THIS NEGOTIATION, EITHER DIRECTLY OR BY INFERENCE. INDEED THE EMERGING CONSENSUS REFLECTED IN THE CHAIRMAN'S REPORT OF THE LAST MEETING OBSERVES THAT "THE NEGOTIATIONS ON TARIFFS CANNOT BE CONDUCTED IN ISOLATION BUT MUST BE CONSIDERED, INTER ALIA, IN THE CONTEXT OF THE NEGOTIATIONS ON NONTARIFF MEASURES." CERTAINLY MY DELEGATION IS OF THAT VIEW AND I AM GLAD TO NOTE THAT THE COMMUNITY, IN ITS PROPOSAL, ADOPTS THE SAME STANCE.

NEVERTHELESS, MY DELEGATION, AND I AM SURE OTHERS, CANNOT IGNORE THE ELEMENTS OF RECIPROCITY TO BE ACHIEVED WITHIN THE TARIFFS GROUP. EACH OF US WILL ATTEMPT TO DETERMINE IF HIS COUNTRY IS OBTAINING A FAIR BARGAIN UNDER ANY TARIFF-CUTTING PLAN. TO DO THIS, WE MAY USE A NUMBER OF MEASURES -- DEPTH OF CUT, TRADE COVERAGE, ESTIMATED INCREASE IN TRADE, AND OTHERS; BUT WE WILL ALL BE MAKING RECIPROCITY CALCULATIONS IN OUR OWN WAY. THE COMMUNITY SPOKESMAN, IF I UNDERSTAND HIM CORRECTLY, IS SUGGESTING THAT WE LOOK AT RECIPROCITY FROM ANOTHER DIMENSION -- NOT IN TERMS OF HOW MUCH EACH OF US MAY GIVE UP -- BUT IN TERMS OF WHERE WE END UP WITH REGARD TO TARIFFS AT THE END OF THE DAY. THAT IS TO SAY, HE IS, OR SEEMS TO BE, SUGGESTING THAT THE RELATIVE DISTRIBUTION OF TARIFFS AFTER THE NEGOTIATIONS SHOULD BE MORE CLOSELY ALIGNED WITHOUT REGARD TO THE QUESTION OF WHETHER ONE COUNTRY GIVES UP MORE THAN ANOTHER COUNTRY IN THE PROCESS OF ACHIEVING THIS GREATER SIMILARITY IN TARIFF PROFILES.

THIS CONCEPT OF RECIPROCITY HAS A CERTAIN ATTRACTION
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MTN GE 05371 03 OF 03 081118Z

WHEN APPLIED TO THE ENTIRE TARIFF SCHEDULES OF OUR MAJOR TRADING PARTNERS. BUT THE EC SPOKESMAN HAS STATED, AS I NOTED EARLIER, THAT THE FORMULA AS HE PROPOSES IT, WOULD BE APPLIED ONLY TO A PORTION OF HIS TARIFF SCHEDULES. THAT IS TO SAY, IT WOULD BE APPLIED ONLY TO INDUSTRIAL PRODUCTS, A POSTURE THAT CREATES GRAVE CONCERN IN THE MINDS OF MY DELEGATION. A QUESTION WHICH OCCURS TO US IS THIS: WHY SHOULD A TARIFF FORMULA, WHICH IS ESSENTIALLY A DEVICE TO MAKE REDUCTIONS AS AUTOMATIC AND AS COMPREHENSIVE AS POSSIBLE, BE LIMITED ON AN A PRIORI BASIS? SUCH A LIMITATION TENDS TO DEFEAT THE VERY PURPOSE OF THE FORMULA TECHNIQUE. MOREOVER, IT IS SERIOUSLY DEFICIENT IN RECIPROCITY TERMS BECAUSE IT WOULD OBLIGE THE UNITED STATES TO REDUCE ITS HIGH RATES BY LARGE AMOUNTS WHILE IT WOULD SIMPLY NOT APPLY TO THE ARTICLES ON WHICH THE EC MAINTAINS ITS HIGH TARIFFS. WE SEE NO GOOD REASON FOR THE COMMUNITY, A PRIORI TO FAIL TO TREAT APPROXIMATELY 33 PERCENT OF ITS TARIFF LINES NOR DO WE SEE ANY DIFFERENCES IN THE CONDITIONS OF TRADE FOR MANY ITEMS IN BTN CHAPTERS 1-24 THAN WE DO FOR THOSE IN BTN CHAPTERS 25-99. THE COMMUNITY, BY TAKING THIS STEP, HAS RAISED A SERIOUS QUESTION ABOUT HOW A BALANCE OF ADVANTAGES CAN BE ACHIEVED AMONG THE FORMULA COUNTRIES, SINCE, ON A GENERAL BASIS, WE SEE NO REASON FOR DIFFERENTIATING BETWEEN THE APPLICABILITY OF A GENERAL TARIFF-CUTTING FORMULA TO THESE ITEMS.

IN CLOSING, I WOULD AGAIN REPEAT THAT MY DELEGATION WELCOMES THE EFFORT OF THE COMMUNITY IN PROPOSING A FORMULA, BUT WE BELIEVE THERE IS SOME DISTANCE TO GO BEFORE WE CAN ACHIEVE A CONSENSUS. WE WILL, LIKE THE COMMUNITY -- AND OTHER DELEGATIONS AS WELL -- BE CAREFULLY WATCHING THE PROGRESS THAT IS BEING ACHIEVED ON NONTARIFF MEASURES SINCE THE CHOICE OF A TARIFF FORMULA CANNOT BE MADE IN ISOLATION FROM THE SOLUTIONS BEING WORKED OUT IN OTHER GROUPS. HOWEVER, THE UNITED STATES CONTINUES TO BE CONVINCED THAT OUR COMMON OBJECTIVES ARE BEST SERVED BY A BOLD AND AMBITIOUS EFFORT AT ACHIEVING TARIFF LIBERALIZATION. WE WANT TO REAFFIRM TO ALL THE DELEGATIONS IN THE ROOM THAT WE ARE PREPARED TO BEGIN IMMEDIATE DISCUSSIONS IN THIS GROUP AND ON A BILATERAL AND PLURILATERAL BASIS IN ORDER TO NARROW OUR DIFFERENCES AND ACHIEVE AN AGREEMENT ON THE MAJOR ELEMENTS OF A TARIFF FORMULA AT THE EARLIEST POSSIBLE DATE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 MTN GE 05371 03 OF 03 081118Z

UNQUOTE. WALKER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXT, SPEECHES, COMMITTEE MEETINGS, TARIFFS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MTNGE05371
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760263-0359
From: MTN GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760779/aaaacrktel
Line Count: 493
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 9
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 10 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 MAY 2004 by buchant0>; APPROVED <22 SEP 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TARIFFS GROUP MEETING JULY 7, 1976 - TEXT OF STATEMENT MADE BY AMBASSADOR WALKER
TAGS: ETRD, US, GATT, MTN, (WALKER, WILLIAM)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006